

International Lottery Expo Registration Inside

July 2002

PublicGaming

I N T E R N A T I O N A L

A close-up portrait of Tony Molica, a middle-aged man with short, graying hair and a slight smile. He is wearing a dark suit jacket, a white shirt, and a dark tie with a subtle pattern. The background is dark and out of focus.

**Tony Molica, Bringing Growth
Approach to Washington**

It's All About the Numbers

SCEL: Amazing Start Leads to Exciting Results

Until now the best lottery terminals came from ILTS.



The ILTS Intelimark is
built around the Epson IR 300

Now they come from the ILTS/Epson team!

For more than two decades, ILTS has designed and built the most reliable terminals in the wagering industry. Their performance is near legendary. Datamark 4 terminals in Sweden have been in continuous service for 20, and are still in active use today. DATAMARK 8 terminals in New South Wales proved so reliable that on average they required a service call only once every two years.

Overall, ILTS terminals achieve MTBF more than double the industry average.

The message is clear. ILTS makes incredibly reliable terminals that are built to last.

Now ILTS has teamed with Epson, the world's leading supplier of value-added POS solutions to introduce the Intelimark, a new on-line lottery terminal that integrates field-proven ILTS ticket-handling technology and its legendary performance with the latest point-of-sale technology.

The Intelimark's powerful microprocessor and advanced modular design provide a flexible platform that can be configured

to meet the lottery's exact needs. The large color touch screen and patented, custom-tailored graphical user interface reduce the number of steps in selling and guide the operator through all essential functions.

A new standard of performance from a new team in the industry.

ILTS EPSON
The advantage of teamwork!



ON THE COVER:

Tony Molica, director,
Washington State Lottery

PublicGaming INTERNATIONAL

Features

- 8 It's All About the Numbers**
How the landscape of online games has changed over the past few months.

- 13 Lottery Public Relations Highlights**
Lotteries tell about their most successful Public Relations campaigns for 2001-2002.

- 18 Intralot USA – Steps into the North American Market**
Duane Burke interviews Intralot USA President and CEO Thomas Little.

- 20 The Competition Quandary**
North American lotteries speak up on competition for gaming dollars.

- 22 South Carolina Education Lottery: Amazing Start Leads to Exciting Results**

- 24 Tony Molica**
New Washington director brings growth oriented approach to the Northwest.

Departments

NASPL REPORT2

INDUSTRY NEWS4

AROUND THE WORLD.....6

LOTTERY NEWS26

ROUNDUP27

Public Gaming International is now also available on the web.

www.publicgaming.org

PUBLIC GAMING INTERNATIONAL

PUBLISHER
Duane V. Burke
EDITOR
Todd Koeppen

ART DIRECTOR
L. Robinson
DIRECTOR OF OPERATIONS
Elsie Grote

CEO/CHAIRMAN
Duane V. Burke
EXECUTIVE VICE PRESIDENT
Doris J. Burke

FORMER DIRECTOR
Ralph Batch
CIRCULATION
Tel: (425) 803-2900
Fax: (425) 803-6830

ADVERTISING SALES

VICE PRESIDENT OF MARKETING & SALES
David Mello
Tel: (202) 244-9301 Fax: (202) 244-9302

Public Gaming International (ISSN-1042-1912) July 2002, Volume 33, No. 7. Published monthly by the Public Gaming Research Institute, Inc., 4020 Lake Washington Blvd. NE, Ste. 100, Kirkland, WA 98033. (425) 803-2900. ANNUAL SUBSCRIPTION RATES: United States: \$145. Canada & Mexico: \$160(U.S.). All other countries: \$225(U.S.). POSTMASTER: Send address changes to Public Gaming International, 4020 Lake Washington Blvd. NE, Ste. 100, Kirkland, WA 98033. SUBSCRIPTION REQUESTS: Sent to same address. NOTE: Public Gaming International is distributed by airmail and other expedited delivery to readers around the world. ©2002 All rights reserved. Public Gaming Research Institute.

E-mail: publicgam@aol.com

Web site: www.publicgaming.org



NASPL REPORT

by Arch Gleason, NASPL President



Competition. It's a word we've heard more and more often in the lottery industry over the last few years. Riverboat casinos. Land-based casinos. Tribal gaming. Pari-mutuel wagering. Internet gaming. Charitable gaming. Sports betting. Card rooms. Grey machines. Illegal wagering.

There's a lot of competition out there today for the discretionary wagering dollar. Increasing competition is the feature story in this month's Public Gaming Magazine because it's something that all of us in the lottery industry are facing. But, is competition necessarily a bad thing?

I don't think so. Competition can also be a very positive force.

Too often many of us in the lottery, or any business, have a negative reaction towards competition, focusing on the damage a competitor could do to our sales and profits. That's a sound initial reaction because failure to recognize the impact competition can have on our bottom lines can result in disaster. There are countless failures and bankruptcy filings by long-standing, well-established companies to prove it.

But, if we allow it, by changing our focus competition can actually be very good for business. It can wake us up and serve as a catalyst to help our lotteries overcome complacency, pushing us to improve our products, services, and processes to meet or exceed our competitors' ability to fulfill our customers' expectations.

There are many examples of the impact of competition, both good and bad, to study in other industries.

Take the U.S. automakers. Competition from foreign imports in the 1980's forced the big three car producers, Chrysler, Ford, and General Motors, to completely overhaul their product lines and marketing strategies. It helped those companies preserve their pre-eminent positions in domestic and world auto industries.

In the sporting world Nike forced Adidas, Converse, and Reebok to have more edge for the youth market in order to survive. Larry Bird and Magic Johnson pushed each other to be better.

In retail Wal-Mart has pushed many competitors to rethink their merchandising and pricing strategies. Some, like Target, who have been proactive are establishing sales records of their own and have used the competition to make themselves better. But others who have been slow to react, like K-Mart, have found themselves battling to survive.

So, the question is; what are we in the lottery industry going to do?

Are we going to be complacent and find ourselves scrambling to survive, or allow the growing competition to nudge us to work harder and smarter than ever before?

I'm confident that we will choose the latter. I know the people in our industry are very competitive and want to continue to grow, returning maximum net profits to our governments. Of course, it's getting harder because of the growing competition. But, if we let it, with the right focus competition can and will push us to new heights in creativity and in our ability to meet our customers' expectations.

A handwritten signature in black ink that reads "Arch Gleason".

Industry News

Kentucky Chooses Scientific Games for Instant

Scientific Games has been chosen as the primary supplier of instant tickets by the Kentucky Lottery. The contract's estimated value is \$12.6 million over the initial term of three years and contains four one-year options to renew.

The KLC has worked with Scientific Games since 1989.

MGAM Wins New York Central System Contract

Multimedia Games Inc. was selected by the New York Lottery to provide the central system for video lottery games to be operated at New York State racetracks.

MGAM's proposed system utilizes the same Microsoft-based building blocks and interactive communication techniques used in its systems currently provided to Native American gaming facilities.

The contract for this project is subject to and contingent upon final negotiation of terms and final approval by New York State officials.

Sony Signs with Promo-Travel

Promo-Travel International Inc. has signed an agreement with SONY Pictures to promote Fantasy Island®, \$100,000 Pyramid®, Bewitched® and I Dream of Jeannie® to state lotteries. Promo-Travel International has begun marketing the concept, and expects games to be in the marketplace by the end of 2002.

In a related development, Promo-Travel opened an office in Los Angeles to acquire other entertainment, lifestyle, and sports-related licenses for use by US lotteries and various international markets. The company named veteran entertainment industry licensing expert Danny Simon as a partner to head the office and a new subsidiary, Promo-Travel Licensing, Inc.

Spielo Expands in Delaware

Spielo has signed a contract to operate 760 new video lottery terminals (VLTs) for the Delaware Lottery. The company will provide its latest VLT, Powerstation 5™, to the Lottery, which is redistributing the allotment of VLT's in the three licensed racetracks. This 11 year old commitment includes a new five year contract with three two-year extension options.

Interlott in New York, Extends with Kentucky

The New York Lottery recently placed an order for 1,998 Interlott Instant Ticket Vending Machines (ITVMs). The agreement calls for Interlott to provide the Lottery with 800 Remanufactured 12-bin, 223 Certified New 12-bin, 527 Certified New 15-bin, 398 Certified New 16-bin, and 50 New EDS 24-bin ITVMs in the next 15 months.

The Lottery also consolidated service and maintenance parameters for all ITVMs in the state into a five-year contract that includes two one-year extension options. Interlott expects to generate more than \$15 million in revenue over the five-year contract period.

Interlott also received approval for a one-year contract extension from the Kentucky Lottery for ITVMs and PTVMs, as well as replacement parts and extended warranty coverage. The original three-year contract went into effect August 24, 1999 and now has been extended through August 24, 2003.

Kentucky has also agreed to purchase an additional 40 refurbished eight-bin ITVMs through Interlott's remanufacturing program.

Alberta Looking at GTECH

GTECH announced that the Alberta Gaming and Liquor Commission (AGLC) has selected the Company to negotiate a new video lottery central system contract with the province. Once negotiations are deemed successful, GTECH will replace the AGLC's existing system, supplied by GTECH, with the Video ProSys® central system. GTECH anticipates signing the \$4 million contract by August 2002.

ILTS Ships More Terminals to India

ILTS will be shipping additional lottery terminals to India under terms of a contract signed in August, 2001 with Playwin Intravest Pvt., the operator of the only on-line lottery in India. The terminals are to be delivered in kit form, and will be assembled in India under a licensing agreement. The order is valued at approximately US\$4.35 million.

ILTS signed several contracts in late 2001 to provide a turnkey on-line lottery system, including central system hardware and software, on-line terminals and services, including installation, training, and software support. The current order is a call-off of deliveries under those existing contracts which were valued at approximately US\$15 million.

The Company also announced that it had signed several additional contracts in connection with the Indian lottery operation for related products and services. These contracts are valued at approximately US\$900,000.

Scientific Games Completes Serchi Acquisition

Scientific Games has completed the acquisition of 65% of Serigrafica Chilena S.A. (Serchi). Scientific Games will pay a maximum of \$8,255,000, of which \$3,900,000 has been paid in cash at closing and up to \$4,355,000 will be paid in cash upon the achievement of certain earnings targets over the next four years. Pursuant to the agreement, Serchi will now be called Scientific Games Latino America and will focus on gaining market share for both instant tickets and phone cards in Latin America. ■

Seiko Secure



If a lottery ticket printer goes down, a whole terminal goes down with it.

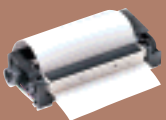
Money is lost. Customers too. And there may not be a repairman in the whole county—or the next. Why not rely on a pound of prevention instead? Insist on Seiko Instruments thermal printing solutions.

Talk about dependable. There are no ribbons to change. No ink. No misprints. No jams. And as for maintenance—just drop in a new roll or stack of paper every once in a while.

But that's only one piece of the puzzle. To achieve totally reliable printing takes total attention to detail. So the Seiko Solutions Team stands ready with the applications, design and software support you need to succeed in the field. They know what it takes after doing it for 20 years.

So why risk long-shot printing solutions? Call 800.553.6570 ext. 108 or visit our website to learn more. **And make sure you're Seiko Secure.**

SII 
Seiko Instruments Inc.
www.seikoprinters.com



Around the World

Europe

T-Mobile has selected nGame's Java QuickStart Program as the cornerstone of their launch of mobile Java gaming throughout Europe. The two-year deal sees nGame shipping one hundred and twenty J2ME games, designed for a wide variety of Java-enabled handsets, which T-Mobile will distribute in Austria, Germany and the United Kingdom. In addition, T-Mobile will also be using nGame's Java Games Store platform WOTAN as their content delivery platform at launch in the UK.

Australia

The Golden Casket gave Queensland kids a big present when they opened the new Golden Casket Child Advocacy Service Clinic at the Royal Children's Hospital. The clinic will enable the hospital to help innocent children who experience harm through physical and mental abuse. Over the past 10 years, Golden Casket has given more than \$5 million to the Royal Children's Hospital Foundation.

In Victoria, the state parliament has passed legislation that lifts the maximum allowable shareholding in Tabcorp from 5% to 10%, and removes the 40% foreign ownership restriction. The legislation will become effective after receiving royal assent.

Belgium

GTECH was chosen as the successful vendor to provide new lottery terminals and a new communications network to Loterie Nationale of Belgium. GTECH will replace Loterie Nationale's existing terminal base with approximately 6,000 Altura® terminals, and will replace the Lottery's existing communications network with a secure, nationwide IP communications network based on ISDN AO/DI technology and GTECH's IP-GTX front-end processors. GTECH will integrate the new terminals and the new IP network with the existing ProSys® central system. GTECH anticipates receiving approximately U.S. \$33 - \$35 million in product sale and service fees over the next several years, beginning in fiscal year 2004.

GTECH has been Loterie Nationale's online and instant-ticket services provider since 1992.

Greece

Greece's Minister of Finance Nikos Christodoulakis submitted a bill to Parliament that would ban all electronic gambling. The bill's definition of electronic gambling includes all electronic games with software that place any sort of bet, which can produce financial gain to the player. The bill's penalties are harsh, including revocation of the business license, high fines and jail time.

Hong Kong

Hong Kong lawmakers voted to ban overseas betting. The bill was instituted just in time to cut down on World Cup soccer gambling. It was already illegal to bet on the World Cup in Hong Kong, but the bill clearly spelled out that it is now illegal to place bets with overseas bookmakers through telephones or the Internet.

India

The Indian online explosion continues as Playwin Infrawest plans to increase the number of lottery terminals in the country. The company is planning online launches in Maharashtra and Karnataka within the next three months. The company has also held discussions with the Kerala Government, which is formulating policy to launch an online lottery. In all, Playwin is seeking to increase the number of terminals in the country from 3,500, the current number, to 10,000. This will mean a lot of business for ILTS, since they're supplying the terminals to Playwin.

Ireland

GTECH has been selected as the successful vendor to supply a new integrated online and instant-ticket central system solution and services to An Post National Lottery, the operator of online and instant lottery games in Ireland.

Israel

One hundred shops of Interflora began selling Mifal Hapayis Instant tickets. The launch of this venture is being accompanied by a campaign bearing the slogan "Bring flowers - get lucky". Flower shops will suggest to customers to attach a greeting Instant card to the bouquet, for any festive occasion. The greeting cards carry first prize of NIS 10,000 (US\$2000), and every card is a winner. The aim of this cooperation is to expand Payis' distribution network and take it from its traditional points of sale to additional locations.

In their busy spring, Mifal Hapayis also launched a new set of four instant cards, "Champion of Champions" based on the World Cup theme. The cards were accompanied by a broad-based promotion campaign during the period of the World Cup games, in which the sales points became sports sites where customers who purchased one of the cards were able to play mini-soccer or basketball games for prizes.

Finally, Ms. Anat Kenan, Director-General of Mifal Hapayis announced her resignation after 18 months in office. Ms. Kenan said that due to professional differences with the Chairman she was unable to continue in her office.

Kazakhstan

In an effort to bolster sales of its Pick-5 numbers game the National Lottery of the Republic of Kazakhstan issued a new instant scratch "Pick 5" game.

Unfortunately, number games have failed to attract Kazakhstan lottery players and the "Pick 5" sales are, to say the least, disappointing. According to Margarita Dolgikh, head of NLK's marketing Division Pick-5 sales during the first quarter of 2002 accounted for just 0.4% of total lottery sales.

The new scratch game, which the lottery hopes will migrate players to the traditional Pick-5 game, features additional prizes and the ticket has a picture of 'Marzhan' the favorite presenter of the Pick-5, Loto 5/36 & Loto 6/40 drawings.

Malaysia

Magnum Corporation, a Malaysian Lottery operator, will no longer sponsor Minardi formula one driver Alex Yoong. Yoong, who is Malaysian, has only finished two of the eight races to date, and the Lottery has stated that the Minardi team's performance does not warrant continued support.

Malta

It's been reported that the privatization of Malta's public lotto has been put on hold. While the game is clearly the most popular offered by public lotteries in Malta, it has begun to show signs of needing an overhaul. Three foreign companies have been competing for the take-over of Malta's Lotto since an RFP was issued last year.

Norway

The Norwegian National Lottery (Norsk Tipping) has launched its games on the Internet. Since May 21, Norwegian players have been able to register their sports and lottery coupons directly from their own computer. Simultaneously, the Norwegian National Lottery, Buypass and Europay Norway introduced a unique new card, Norsk Tipping MasterCard. This card provides secure payment and identification on the Internet and may be used on all MasterCard locations worldwide.

Palau

Palau's President vetoed a bill that would have legalized gaming machines, pachinko games and a casino. Both houses of Palau's Parliament approved the legislation.

Philippines

City Councilors in Baguio, Philippines, have suggested that the city close two Philippine Charity Sweepstakes Office outlets in order to investigate the operation of

the outlets. Baguio Mayor Bernardo Vergara has said he will go along with the City Council's decision, so long as they provide a legal basis.

While the aforementioned outlets are closing, the Philippine Amusement and Gaming Corp. (PAGCOR) is planning to build a P750-billion Disneyland-style "Entertainment City" in Manila. Of course, these plans are contingent on some important contractual issues. The gaming company's franchise is expiring in six years, and they are applying for a 50-year extension.

Sweden

The Swedish parliament has voted to allow lotteries, bingo and casino gaming to be organized via the Internet. The changes to the Swedish lottery law have opened the door for the Swedish National Lottery, AB Svenska Spel, AB Travoch Galopp (the Swedish horse racing organization) and non-commercial organizations to distribute their games via digital media. The new lottery law will come into force this August, so applications from existing operators are now being accepted.

UK

Tescom won a \$2 million contract to carry out a comprehensive software testing project for UK's Camelot. The Israeli firm said the project was the first of many projects around the world that the company will implement under its Global Lottery practice.

Of course, Camelot's re-launch continues. One facet of the re-launch includes the introduction of the online game Hotpicks in July. The game, which is linked to the main Lotto draw, will offer big prizes by matching fewer numbers. Players can win £40 by matching two numbers, £450 with three and £7,000 with four.

Vietnam

The World Cup has been spelling disaster for Vietnam's lottery industry. Some vendors have reported that they've not sold a single lottery ticket since the games began. Other reports have retailers stopping work temporarily for the games.

At the same time, illegal betting on soccer matches has seen a big increase. So far, billions of Vietnamese dong used for illegal betting has been seized.

Virgin Islands

Governor Charles W. Turnbull announced the approval of the Virgin Islands as the newest member of the Powerball Group by the Group's members at its recent meeting in Washington D.C. The mere possibility of Powerball has generated great excitement among Lottery retailers. The jurisdiction was approved unanimously by the Group. ■

It's All About the Numbers

How the landscape of online games has changed over the past few months

FY 2002 was a big year for making changes to online games. Of course, nearly everyone in the U.S. Lottery industry has heard of the recent changes to Mega Millions (formerly the Big Game), where three new jurisdictions were added (New York, Ohio and Washington), and the odds were increased dramatically. It's only a matter of time before we see Mega Millions featuring a jackpot towering past the \$300 million mark.

Powerball has also made some changes recently, including the addition of Pennsylvania into the Powerball group. The game also saw success with the addition of the Power Play option, where for just one dollar more, players who pick a winning combination in their normal Powerball bet could see their winnings multiplied by up to five times, depending on the number (1-5) drawn for Power Play. In addition to this change, Powerball officials have also gone on record as saying they are planning to adjust Powerball's matrix in order to compete with the potential Mega Millions jackpots (though they've also stated their odds will not be increased to the level of Mega Millions).

In addition to the well publicized changes made to these popular multi-state games, there were numerous changes, new additions, and evidence of all-around out-of-the-box thinking in regards to single state, and smaller multi-jurisdictional games.

Atlantic Lottery

Game Changes: In October, 2001, Atlantic Choice became Keno Atlantic, offering players daily draws, more ways to win, and more prizes. With Keno Atlantic, players choose how many spots they want to play, and how much they want to wager.

Players can pick their own numbers by completing a selection slip, through Quick Choice, or through Hi-Lo, where the terminal randomly generates a 2-spot and a 10-spot in one \$2 transaction. Changes to the prize structure include the addition of five \$2 prize tiers and additional prizes.

Delaware

Game Changes: In September, the Delaware Lottery introduced a campaign to support matrix changes to Lotto. Changes included a new, higher, \$250,000 starting jackpot. The campaign theme, "We made it bigger and better" was developed to communicate the changes. Heavy broadcast media, outdoor advertising and point of sale materials were used to support the campaign.

Hoosier Lottery

The Hoosier Lottery's current online marketing efforts are focused on jackpots.

New Games: On January 23 of this year the Hoosier Lottery launched a new online game called MAX 5. It was the first online (computer-generated) game to give players an opportunity to play five consecutive draws on one \$5 ticket. Players win prizes based on how many of the five draws they win. For example, a player can win one draw; lose the next draw or two, then win another draw. Prizes are not cumulative, but with each win, the player steps up to the next prize level.

Players who win all five consecutive draws receive a top prize of \$1 million. A player matching four draws will win \$20,000; matching three draws wins \$500; and two draws, \$50. Players who match only one of the five draws will win \$5 plus a free MAX 5 ticket. The overall



EXPERIENCE.



SYSTEMS



INSTANT TICKETS



COOPERATIVE SERVICES

THE DIFFERENCE.

Choose Scientific Games as your lottery business solutions provider for ***any one*** of these products and services and you will also benefit from our incomparable, integrated experience ***in all other product lines*** in both the lottery *and* gaming industry.

As more and more lotteries are discovering, the power of experience can make all the difference.



SCIENTIFIC GAMES

(USA) +1-770-664-3700

www.scigames.com

odds of winning a prize are 1 in 5.42, which is extremely favorable for an online game,

Georgia

New Games: The Georgia Lottery will soon be launching Changeplay, the online game allowing customers to play for the amount of change they receive in a retail purchase. Game tickets can be sold in any denomination from \$0.25 to \$0.99.

The game features a six-digit, alphanumeric matrix (players receive a quick-pick ticket which contains a letter, followed by four numbers, followed by another letter), draws seven days per week, and guarantees three winners per day who proportionally share the jackpot based on the relative value of their tickets.

Kansas

Game Changes: The Kansas Lottery launched Super Kansas Cash, a pick 6 online game, in February 2002. The game is an enhanced version of the Kansas Cash game. Super Kansas Cash operates on a 5:32 matrix, with a one number Super Cashball drawn on a 1:25 matrix. The jackpot, starting at \$100,000, is paid in one lump sum, players get two plays for \$1, and drawings are held Mondays, Wednesdays and Saturdays.

Kentucky

Game Changes: The Kentucky Lottery replaced Cash 5 with Kentucky Cash Ball in March 2001. Several changes came with the new game, including increasing the top prize from \$100,000 to \$200,000, and decreasing from seven drawings per week to three (and then back up to six drawings per week in March 2002 after the game failed to live up to projections). After some tinkering, Kentucky Cash Ball is doing much better and has surpassed where the Lottery was with Cash 5.

Tag-a-long Games: The Lottery also added an interactive game to their web site called Cash Ball Hoops. This was in conjunction with the expansion from 3 to 6 days in March and also coinciding with the NCAA basketball tournament. The game has been up about 12 weeks and has been played over 100,000 times! To access the game, players have to join the Player's Fun Club. It promotes Kentucky Cash Ball and also gives players a chance to win prize packages.

New Games: Of course, Kentucky also teamed up with Virginia and Georgia in Lotto South, a game that replaced the Lotto Kentucky game which had been

declining for a number of years. Lotto South is doing better than Lotto Kentucky, but still not quite up to KLC's projections. The Lottery needs a jackpot winner in Kentucky so they can promote it.

Niche Games: The Lottery doesn't have much in the way of niche games; although, their Pick 3 game has created its own niche. They do midday and evening draws and it is the Lottery's top selling on-line game. The top prize of \$600 is quite appealing to Pick 3 players.

Maryland

New Games: Responding to frequent requests by its public, the Maryland Lottery brought back Bonus Match 5 in February. The game offers a daily opportunity to win \$50,000 by correctly matching five out of 39 balls.

The game also features a bonus sixth ball, which players can add to four, three, or two of their original numbers to make a match and win more money. Additionally, the ability to select three boards for \$2, and four boards for \$3, and so on, adds to the game's appeal.

New Hampshire

New Games: New Hampshire's Tri-State WinCash was replaced with Tri-State Cash Lotto in February. The new game features a 4:33 matrix with a bonus number also being drawn from a field of 33. Top prize in Tri-state Cash Lotto is \$200,000 – in one lump sum payment. Overall odds of winning a prize are 1:11.

Texas

Game Changes: In Spring of 2002, the Texas Lottery created the first ever day drawing for the Lottery's mix of online games when they started holding Pick 3 drawings twice daily.

Ohio

Game Changes: Beginning in April, 2002, the Ohio Lottery's Buckeye 5 game expanded drawings to Monday through Saturday. Previously, the game was drawn on Monday, Tuesday, Thursday and Friday.

Marketing Focus: The Lottery informed the public on the new schedule through brochures, the Lottery web site, agent training, TV and radio advertising and more.

The Lottery also featured a promotion at Discount Drug Mart that increased Buckeye 5 sales by more than 111 percent. The promotion offered customers a free auto pick Buckeye 5 ticket for Buckeye 5 ticket purchases of \$5 or more.



Nebraska

New Games: The Nebraska and Kansas Lotteries recently teamed up to offer a new game – 2by2. For Nebraska, the game offers the best overall odds of any Lotto game the Lottery has offered. The game is a replacement for the multi-state game, Rolldown, which ended on April 6.

To play the game, players choose two numbers from 1 to 26 in the red play area and two numbers from 1 to 26 in the white play area, a player has a 1 in 3.59 chance to win a prize. Each 2by2 play is \$1. Players may select their numbers using a play slip, or they may buy quick pick tickets. Up to five different sets of numbers can be selected on a play slip. The same numbers can be played for up to 15 consecutive drawings (5 weeks worth). On the play slip, players can mark the appropriate Multi-Draw box for 3, 6, 9, 12 and 15 drawings. Prizes include \$20,000, \$100, \$3 and a free quick pick play. A player can begin winning by matching just one number. Based on current sales projections for 2by2, there is a really good chance of a \$20,000 top prize winner on every draw.

Sales of 2by2 began on June 2. Drawings for 2by2 will be held on Monday, Wednesday and Saturday nights at 9:30 p.m. (CT). 2by2 is operated on behalf of the Nebraska Lottery and the Kansas Lottery by the Multi-state Lottery Association.

Changes to Games: Prior to the Nebraska Pick 5's addition of the growing jackpot, from September 1 through September 23 average daily sales were \$11,909.58. The highest night totaled \$22,342 on September 8. After the game was returned to six drawings a week, Pick 5 averaged daily sales of \$25,578.13 for a comparable three-week period. The highest night nearly doubled to \$42,400 on March 16.

New York

Game Changes: The New York Lottery recently expanded its daily drawing schedule to include midday draws for its popular Numbers and Win-4 games.



Oregon

Game Changes: In May, 2001, the Oregon Lottery changed the matrix for Megabucks from 6 of 44 to 6 of 48, and the annuity for jackpots was changed from 20 years to 25 years. This allowed the prize structure to



change so that jackpots start at a minimum \$1 million. The rollover increment per draw decreased from \$250,000 to \$200,000 per draw, but a third draw day was added on Mondays, so the rollover per

week increased from \$500,000 to \$600,000.

Oregon didn't stop with making changes to Megabucks. In February, 2002, they added three additional draws to their Pick 4 game. Draws now occur at 1pm, 4pm, 7pm, and 10pm.

New Games: Also, during February, 2001, the Lottery added a new online game, Win for Life, with a top prize of \$1,000 a week for life. Players have 46 ways to win on each ticket. There are 15 sets of four numbers between 01-77 on each Win For Life ticket. Players can choose the first set of four numbers, or ask for a Quick Pick ticket that allows the Lottery computer to pick their numbers. The other 14 sets of numbers are automatically picked. A player wins by matching the numbers drawn by the Lottery. Drawings are Mondays, Wednesdays and Saturdays.

The Marketing Focus: Oregon's main focus is on the emerging market (21-34 year olds) and the existing player base. The current lottery branding campaign is "Playtime", and their focus is to position the Lottery as an entertainment company, make their messaging contemporary, and to position Lottery as a fun thing to do within people's everyday lives.

Niche Games: The Oregon Lottery has had success with niche games. They currently offer Sports Action – a game that appeals to football fans. Sports Action has consistently held a loyal player base and attracts some new players every year.

Their Pick 4 daily game has a small but loyal following. A few years ago the Lottery decided to discontinue their Daily 4 game. A few years later, when they introduced the new version, Pick 4, the player base seemed to be the same as Daily 4.

Currently, the Lottery is looking at adding to their sports lottery game and possibly new monitor games.

Washington

New Games: In April, 2002, the Washington State Lottery launched Lotto Plus, an enhanced version of the flagship game, Lotto, first introduced to players in 1984. Lotto Plus, which draws twice a week on Wednesdays and Saturdays (same as Lotto), has bigger prizes, more chances to win, better overall odds, and the same low ticket price of two plays for just \$1

Featuring the gleaming Gold Ball, Lotto Plus brings fresh fun and excitement to Lottery players. With Lotto

Plus, players pick 5 balls from a set of 43 and 1 ball from a set of 23 (the Gold Ball). Lotto Plus is designed for bigger Jackpots, higher payouts, and more prize levels, and players' overall odds of winning improve from 1 in 27 to 1 in 10.



Virginia

Game Changes: Virginia Lottery redesigned its Lotto game in 2001, joining forces with Georgia and Kentucky

to create Lotto South. The combined populations mean larger jackpots for this Lotto game, yet it remains "local" because it's all in the South.

Members of the Lotto South group enjoy a close working relationship, with a common identity (being Southern) and similar marketing environments. All three are experienced members of multi-state lottery blocs, with infrastructures in place to manage multi-state games. Virginia and Georgia already work together with the Mega Millions game. The "pride of the South" carries through in the Lotto South group – in the game name, promotions and advertising. The group has even sponsored a car in a NASCAR Winston Cup race. Lotto South launched the week of September 11; the impact of that timing might never be known for certain. But, the game has been performing better than projected in its early life. As of June 2002, things are looking good, y'all.

For Virginia, Lotto South means higher starting jackpots (\$2 million instead of \$1 million), faster growing jackpots (\$1 million roll instead of half-million), bigger jackpots – In the twenties instead of the teens, enhanced prizes for 3 and 4 of 6 prizes, and lower prize costs.

Marketing Focus: Over the last few years, the Lottery has changed its focus on daily games. Cash 5, once a jackpot game, is now part of the "daily games" brand. Cash 5 sales are expected to see their first increase in annual sales in several years.

Currently, Virginia is considering new online game options.

Wisconsin

New Games: In Spring, 2002, the Wisconsin Lottery launched City Picks, giving a new look to online games. Where most online games test players' luck against a matrix, City Picks asks them to rank the order that nine Wisconsin cities will be drawn. The \$1 game features a

top prize of \$50,000 for matching all nine cities in order, and even offers a prize for matching as few as three cities. The Lottery allows players to play up to seven consecutive draws on each ticket.

Game Changes: Wisconsin recently began to allow players to purchase one month's worth of Powerball and Megabucks tickets at one time. The Lottery also began allowing players to buy one week's worth of tickets for other online games it offers. Officials decided to limit advanced buying to one week for other online games due to retailer concerns that traffic would be reduced at their stores.

Michigan

Game Changes: In February 2001, the Michigan Lotto game was revamped and the Michigan Millions game replaced it. Michigan Millions offered players faster-growing jackpots and more ways to win. Michigan Millions, unlike Michigan Lotto, features a Wild Ball that offers players five ways to win in addition to the jackpot prize (six total chances to win), with prizes ranging from \$5 to an estimated \$20,000 (all prizes except Match 3 are pari-mutuel).

Tag-along Games: The Michigan Lottery's new EXTRA game builds on the already successful Daily 3 and 4 games, which comprise approximately 43 percent of the Lottery's total ticket sales each year.

Introduced on May 16, the EXTRA game offers Daily 3 and 4 players an extra chance to win – on the spot – in addition to their regular Daily 3 or 4 wager. Upon purchasing a Daily 3 or 4 ticket, players can opt to purchase an EXTRA wager—for just \$1 extra, offering them the chance to win up to \$500 instantly.

Players who purchase the EXTRA ticket in addition to their Daily 3 or 4 wager will find an extra set of numbers printed below their usual Daily game numbers. There is a certain prize amount listed underneath each EXTRA number. If the EXTRA number is in the same position as the Daily 3 or 4 numbers that were played, the player wins the prize amount listed beneath the respective EXTRA number.

Marketing Focus: A new Michigan Lottery commercial debuted in February, in hopes of clearing up some common misconceptions about how the Lottery's revenue is used. The beneficiary spot explains where the money goes and how it is used in school districts. Never in the Lottery's 30 years of operation has there been a message of this sort produced. ■



Lottery Public Relations Highlights

Public Relations is essential to the health of any organization – lotteries are not exempt. Unfortunately, due to the governmental nature of lotteries, many have to achieve their PR with little or no monetary resources. So, in the spirit of sharing good ideas, Public Gaming International asked lotteries around the world to share their most successful Public Relations program of the past year. Where available, we've also included the breakdown of the lottery's PR budget.

California

PR Budget Breakdown:

Education Conferences: 4%

Education Outreach: 2.5%

Education Sponsorships: 3%

General Publicity/Information/Outreach: 49.5%

Internal Expense: 5%

Problem Gambling: 22%

Winner Awareness: 12%

Miscellaneous: 2%

California's most successful lottery Public Relations program has been their continuing effort to get the winners prepared to be out in front of the press. The Lottery emphasizes that the best way to handle the instant publicity is to go through their offices. They have had (as have many lotteries) instances of winners being tracked down by reporters and more or less ambushed on their front porches.

The Press really only wants the answer to one question: "How does it feel to be a millionaire?" After they get that answer, they move on. Many winners don't understand that initially. Once winners realize that making press arrangements through the Lottery office makes everyone's life easier.

The Lottery also does its best to identify those winners who put a good face on the Lottery. California's PR Manager has an amazing ability to pick out the winners who will be good on camera, and the Lottery does its best to keep up a good relation with those media-ready people. They are really the best ambassadors to the rest of the public, and their testimony and beaming faces are worth more than a dozen billboards.

Dansk Tipstjeneste

Dansk Tipstjeneste's most successful recent Lottery Public Relations program is their new homepage on the internet: www.tips.dk. Since April, 2002, The Lottery has offered cyber

wagering sports games as well as different kinds of relevant news, point of views, and more. By the end of this year all of their online games will be available on the net.

Eesti Loto

PR Budget Breakdown:

Five percent of the company's general budget (over 7 Mill kroons) is used for marketing activities – 53.4 percent of this amount goes to the public relations budget to be divided by different areas as follows:

Company Image: 28%

Press Relations: 7.8%

Government Relations: 1%

Internal Communication: 2.6%

PR-Events: 4%

Marketing Communication: 10%

Eesti Loto's most successful PR program involved the campaign introducing lottery play via the Internet. This campaign started in September 2001, when the prominent dailies published material about Eesti Loto's attempt to offer a new option for players.

The launch, in December 2001, started with a media campaign based on the novelty of Internet lottery and ended with an advertising campaign in the Internet. The potential users were informed through prominent local TV-news and newspapers. The launch also earned international attention (The Baltic Times).

By noon of the first day over two hundred users had registered – quite a number considering the 1.5 million population. At present, the number of players has reached 8000, the internet share of total sales 5% and the rising trend is continuing.

About one third of Estonia's population has access to the Internet. The Eesti Loto share of the lottery market is 100% regarding number lotteries and 85% regarding instants.

Interkantonale Landeslotterie (Switzerland)

While Interkantonale Landeslotterie does not have a separate PR budget, they have experienced some success with a short television campaign. On Wednesdays, immediately after their televised Lotto drawing, the Lottery shows a 90-second informational piece that details where the proceeds from Lotto sales go. The public has been very appreciative of this informational effort, and it alleviates any worry about the Lottery by showing that the money doesn't vanish into a "black hole".

Iowa

PR Budget: The Iowa Lottery's public relations budget is included in its general advertising expenditures, which are about \$4 million annually. The lottery's public relations efforts are divided nearly equally between winner awareness, governmental relations and direct support of games.

The Iowa Lottery combined its public relations and advertising efforts for a successful campaign emphasizing winner awareness. The campaign included three television commercials featuring Iowa Lottery winners of at least \$100,000 and the stories of how they won, what people's reactions were, and what they did with their winnings.

"We emphasize our winners through the daily news releases we send out when prizes are claimed. But this campaign gave us the chance to go back to a few of our players long after their win to see the changes it had meant to their lives," said Mary Neubauer, the lottery's vice president of external relations. "The winners' stories were something everyone could relate to and appreciate. They really caught people's attention."

One of the winner-awareness ads featured two co-workers who played Powerball together and each won \$100,000. Another featured a man who had such a reputation as a joker, his co-workers, friends and own family didn't believe that he'd won until he produced the check from the lottery. The third ad focused on a woman who used her winnings for a family vacation to visit the high school foreign-exchange student who had become her friend more than two decades earlier.

Neubauer gathered information from Iowa Lottery winners through surveys that asked them to share their stories. From the dozens of replies received, she chose a few of the top stories to go on the air. As the ads began airing, Neubauer also distributed news releases about the featured winners and generated media coverage about the campaign.

"Our winners enjoyed the process of making the commercials and got a lot of great feedback once their ads began to run," Neubauer said. "We've since heard from other winners who are offering to be in our ads the next time around. It's been a positive experience for the winners and the lottery."

The commercials aired for about 6 weeks in late 2001 and early 2002.

Kentucky

PR Budget Breakdown:

Televised Drawing Production and Distribution: 50%

Web Site Maintenance: 10%

Play Responsible Program: 5%

General PR (newsletters, annual report, beneficiary awareness, audio news releases, jackpot and new game awareness): 15%

Minority and Community Affairs: 15%

General Admin. (travel, supplies, etc.): 5%

The Kentucky Lottery's most successful PR effort in the past 12 months has been the redesign and repositioning of the Kentucky Lottery web site. It has grown from a primarily brochure-type site to a truly interactive site that gathers data on players and utilizes that data to market products.

The www.kylottery.com site has grown from about 10 million hits per month from 100,000 unique visitors and 1 million page views to over 20 million hits per month from over 200,000 unique visitors and 2 million page views.

The Lottery made the site more colorful and fun, as well as more interactive. They added a Player's Fun Club that has interactive games people can play for fun and prizes. One game is called Cash Ball Hoops. It's a basketball game that promotes an on-line game. In 12 weeks it has been played over 100,000 times! They've also added a race game to promote their new Beetlemania scratch-off ticket, and will soon be adding a scratch-off game and possibly a bass fishing game. The Player's Fun Club also has downloadable screensavers and a talking calculator.

Kentucky also used the site to demonstrate how the Treasure Tower CD-ROM game is played, putting an interactive, short segment of the game on-line for instructional purposes, and has added their televised drawings, including Powerball and Lotto South, to the site.

KLC took advantage of huge Powerball jackpots (web site traffic drastically increases) to prompt people to sign up in their club. Their database grew from 12,000 to over 40,000 email addresses. Those addresses are now used to do email pushes about jackpots, new games and winners.

The Lottery is currently working on a coupon project. They'll email players in their database special codes that can be used to link to the KLC site and print off unique, one-time usage coupons. By using cookies on the site the Lottery can tell what product to promote to each player, or what products to cross promote with the coupons.

They've also created a promotional window promoting the newest game, promotion, or big jackpot. The site also has a scroll that promotes the jackpot amounts as well as the newest games and promotions.

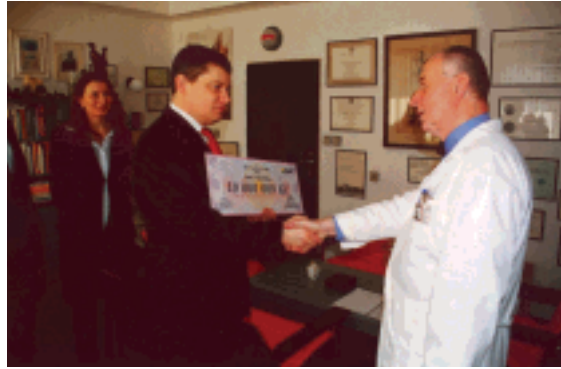
The Lottery has driven traffic to the site by promoting it on nightly televised drawings, as well as at point-of-sale, in print ads, and through news releases that have attracted media coverage. There was also an audio news release to 120 radio stations across Kentucky to help promote the redesigned site.

SAZKA, a.s.

For SAZKA, the most comprehensive and important promotional and PR Project conducted in the last 12 months was "Christmas Comet is coming back". SAZKA launched the new instant tickets "Christmas Comet is coming back" in late 2001. The revenues were intended for Nation to Children Foundation which raises funds for medical treatment of children suffering from cancer.

The Mega concert "Christmas Comet is coming back" was held as a part of PR promotion and sales support for the lottery, among other things. The concert, performed by leading Czech artists was broadcasted live by Czech private TV channel "Prima" on December 26, 2001. The highest lottery prize was drawn before the concert ended. Josef Koutecky, representative of Nation to Children Foundation thanked SAZKA for the considerable financial support. The concert was attended by children from children's homes in the Czech Republic. Invitations and advertisements were published in all leading Czech daily papers in addition to TV Prima.

Ales Husak, SAZKA CEO and Chairman of the Board of Directors handed over a symbolic cheque worth CZK 10 millions (\$309,000) to the Nation to Children Foundation on March 13, 2002. Again, this solemn event was covered by TV Prima. The whole project culminated on April 3, 2002 when SAZKA held another televised event during which Tomas Enge, a popular Czech car racer, gave children a lift in a professional racecar. This event was covered in TV Prima and a number of Czech mass media.



Ales Husak, SAZKA CEO presents CZK 10 million to the Nation to Children Foundation.

record sales and two large Powerball jackpots won in New Mexico in 15 months, the beneficiary campaign continues to be the most successful. Although the Lottery has no direct control over the college scholarship program – funds are turned over to the State each month – the Lottery is still directly associated with it.

Public relations for the Lottery Success Scholarship program involves working with not only traditional news media, but collegiate media, educational institutions, members of the public on literally a case-by-case basis (often informational requests come to the lottery instead of the appropriate agencies), and providing thorough executive staff support for a myriad of scholarship-related legislative inquiries.

Norsk Tipping

Last January, Norway's leading TV channel, NRK 1, broadcast a large prize-show from Hamar Olympic Amfi. The best sports achievements made in the year 2001 were awarded live on TV, reaching 1.2 million viewers, or more than 30 percent of all Norwegians aged 12 and upwards.

The initiators and owners of rights of the show was Norsk Tipping, NRK and the Norwegian Confederation of Sports/Norwegian Olympic Committee. This was a new experience for Norsk Tipping because the company didn't sponsor the event, but was operating as owner of rights. The company's commitment meant that it has made steps to be a part of the planning and organizing on different levels prior to the prize-show. The fact that the show was situated to the Lottery's "home-field", Hamar, made it a great gathering of the whole of sports Norway. The number of athletes present were formidable, as new and old stars, coaches and sponsors all attended the show. HM King Harold represented the Royal Family and the Minister of Culture and Church Affairs met on behalf of the government. A truly interesting assembly to Norsk Tipping, a company that divides its profit between sports, science and culture.

As an additional bonus to Lottery players, Norsk Tipping gave an extra Lotto-draw that night. In fact the television entertainment started with the Lotto-draw, taking place in Hamar Olympic Amfi in front of a big audience.

The planning and execution of a gathering like this was a very good experience and all the partners will strive in their efforts to make this a tradition. It is already decided that the next TV-show will be broadcast from Hamar on January 4, 2003. The result of the evaluation has proven that although the prize-show was time-consuming, the profiling effects were great to all parties.

New Mexico

PR Budget Breakdown:

Winner Awareness: 45%

Beneficiary Awareness: 30%

Direct Corporate Support (*games, products, activities, publications, etc.*): 25%

Over the past year, the New Mexico Lottery Authority has increased attention toward the beneficiary program – college scholarships. In addition to separate advertising and promotional activities, the Lottery's public relations efforts highlight the number of students who have received scholarships, and the educational and economic impacts in particular areas. This has become part of every winner awareness effort, including statewide and hometown winner news releases.

While the Lottery's largest single newsworthy events of the past year have been continued record profits, continued

Oregon

Public Affairs Office Budget: \$150,000

Direct Support, and PR Staff Salaries (*three-person staff*): \$140,000

Up to 50% of the Public Affairs Manager's time during the biennial Legislative session is providing information to elected representatives.

Supplies: \$10,000

Advertising: \$2.8 million

Beneficiary Information (*Oregon Wins*): \$2.2 million

Problem Gambling Ads: \$600,000

Special Events/Promotions: \$300,000

One of Oregon's most successful public relations efforts in the past 12 months has been the growth and enhancement of their Speakers Bureau. While the Lottery has always had an active Speakers Bureau, it began offering non-profit groups (Kiwanis, Rotary, etc.) a chance to scratch 2 packs of tickets with the profits going to their organization. This increased the number of speakers bureau requests four-fold, which has enabled the Lottery to reach out to more people with important information about the Lottery, its games, its regulatory structure and where the profits go.

SA Lotteries (Australia)

PR Budget Breakdown:

PR budget comprises 0.35% of net sales.

Corporate Research: 7.5%

Corporate Promotions: 68.7%

Corporate Affairs: 23.8%

South Australian Lotteries has a high profile within the community of South Australia. It is an organization highly regarded for the integrity of its operations and its returns to the community via the State's Hospitals. The regular promotion of jackpots, winners, promotional programs and corporate activities through the media is complemented by corporate advertising and sponsorship initiatives that further heighten the organization's corporate and brand profile.

Over the past 12 months, South Australian Lotteries' public relations initiatives have also centered on the promotion of the World Lottery Association Congress to the international lotteries community. To be hosted in Adelaide from 17-22 November, 2002, the Congress theme is "The Knowledge to Lead. The Vision to Prosper."

Ensuring high international awareness of this event is crucial, and as such SA Lotteries has invested in solid design and capitalized on modern media to establish regular contact with potential delegates and build positive relationships with suppliers.

South Carolina

The South Carolina Education Lottery's PR department

does not currently have a budget. However, there is \$100,000 in the Special Events budget that can be used for PR.

To date, the Lottery's most significant PR event has been a Grand Prize drawing that was held in conjunction with one of their inaugural instant tickets. They decided to have this event on "Tax Day" when many people were paying Uncle Sam. The Grand Prize was \$100,000, runner-up received \$25,000, and 15 finalists won \$10,000 each.

The drawing was held live from the SCEL's studio in downtown Columbia. Dozens of people joined in festivities outside the Main Street studio, where live entertainment was provided by a local band. The finalists arrived by limousine.

Svenska Spel

The PR work of Svenska Spel is mainly focused on sports sponsoring which amounts to approximately 1% of their total sales. They are the main sponsor of top level football (soccer), icehockey, handball, floor ball and a typical Nordic sport called bandy. They also sponsor culture, research and some social work.

All profits except those from VLTs are handed over to the Treasury. The VLT beneficiary is youth work in non-profit organizations. It is an important part of the Public Affairs department to work together with the benefiting organizations and get some PR out of these contributions to their work.

In May, 2002, Svenska Spel capitalized on the World Championship in ice hockey, which took place in Sweden. During these weeks the Lottery arranged a lot of extra activities for its traditional retailers, for its VLT retailers (bar and restaurant owners), its own staff, loyal customers using Svenska Spel's registration card, representatives from the Retailers' organization, and more. All these groups were treated with tickets to some of the games, as well as given meals and other forms of entertainment.

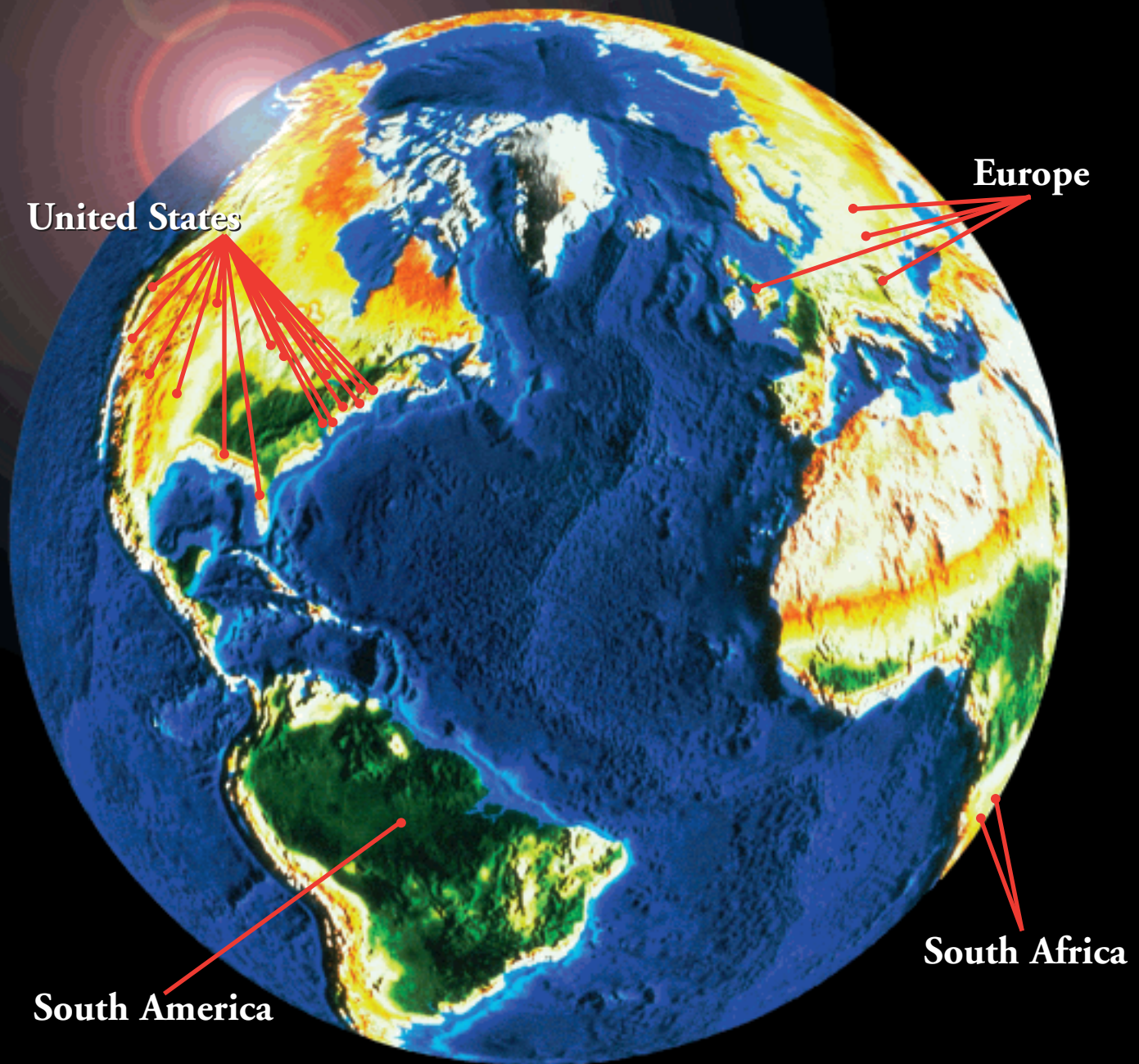
Sachsen Anhalt (Germany)

Sachsen Anhalt does not have a specific public relations budget – public relations is a part of the marketing budget. The Lottery's public relations program aims at continuity in media. The highlight in 2001 was the 10 year anniversary of Lotto-Toto Sachsen-Anhalt. They celebrated the day with 1,800 guests.

In the run-up to the birthday they organized a press-conference with representatives of the regional media to answer different questions, and wrote a multitude of press releases to inform interested people about their work – especially their beneficiary work. In an exposition they showed a prototype of a selling point with a special LOTTO-design, and the sales agencies presented special activities. ■

When it comes to Lottery TV Game Shows...

We've Got It Covered!



JONATHAN GOODSON

P R O D U C T I O N S

4525 Wilshire Boulevard, Suite 203 Los Angeles, California 90010 USA (323) 930-6000

Intralot USA

Steps into the North American Market

With their eyes set on gaining a foothold in the North American lottery market, Athens, Greece-based Intralot S.A. recently announced the opening of Intralot USA, headquartered in Atlanta, Georgia. While they've only been in the US a few months, the company already has some familiar faces at the top. Former Scientific Games Senior Vice President and Chief Information Officer Thomas Little will be running the show as Intralot USA's President and CEO, and Will Cunningham, formerly of GTECH, SGI and The Game Plan, has joined as the company's vice president.

Public Gaming International's Publisher and CEO, Duane Burke, was fortunate enough to get an opportunity to talk with Thomas Little and find out what we can expect from Intralot USA.

Duane Burke (DB): *How did you happen to become associated with Intralot?*

Thomas Little (TL): I have enjoyed a long and successful relationship with Intralot SA since the early 1990's. At that time I was the point person responsible for forming a joint venture with Intralot SA. The purpose of the joint venture was to pursue the Greek RFP for instant tickets and related validation terminals and system. Intralot SA was an excellent technology company in the lottery and telecommunications industry, which made them my obvious choice for a partnership. We were able to create a strong alliance which resulted in the contract award. The venture is still operating successfully.

DB: *How will Intralot USA operate in relation to the parent company – who will do what?*

TL: Intralot USA will operate independently as a Georgia-based company providing products and services to the North American market. While we will be a full



Thomas Little and Wilson Cunningham at Intralot USA headquarters

service, independent US Company, we will also be able to benefit from the resources and expertise of a strong, experienced, parent company.

DB: *What on-line customers does Intralot have now?*

TL: Intralot's customer list demonstrates the extensive range of system products and services offered including instant, traditional, on-line games as well as sophisticated sports wagering. We are currently negotiating two contracts, and have the following

customer base: OPAP – Greece, OPAP – Cyprus, ODIE – Greece, Instant Lottery – Greece, Polla Chilena – Chile, Sociedad Beneficencia Publica – Peru, CNLR – Romania, CNLR – Romania (VLT), Eurofootball – Bulgaria, Lutrija Beograda – Serbia, and Loteria Moldovei – Moldova.

DB: *What are the obstacles to entering the North American market?*

TL: We do not see any real obstacles which would prohibit us from entering the North American market. Our decision to establish Intralot USA is based on the confidence that there is a tremendous opportunity for a quality supplier in this market. I feel that North American lotteries truly want to expand their technological opportunities and will develop RFPs that allow us to participate.

DB: *How much staff do you plan to start with?*

TL: Initially we will begin with just enough staff to efficiently support our start-up efforts. We estimate that we will start with 20 people dedicated to the North American market. Additionally we will be supported by the resources of Intralot SA. The staff will definitely be expanded as we acquire North American contracts.

DB: *Have you chosen any key people?*

TL: One of the advantages of being in the industry for

so long is that I was able to establish relationships with many seasoned lottery professionals. I hope to take advantage of those relationships as we fill key positions in our organization. The one announcement we have made is the appointment of Will Cunningham, a very talented, experienced, systems specialist.

DB: *What computer system does Intralot use?*

TL: We use the highest quality technological solutions. The basis of the system is an Alpha Server backend processor with Intel based communication servers.

DB: *Will the software that Intralot has been using to service overseas customers be usable in the US, or will a new application program be needed?*

TL: While there are some modifications that will be needed for US reporting requirements and IRS regulations, we will use the same system that has worked so successfully for Intralot with its current customer base. As I mentioned earlier, the system will be fully supported by our US staff.

DB: *What are you and Will's experiences that you bring to the project?*

TL: Will and I bring over forty-five years of combined lottery experience which includes on-line, instant, video, marketing, sales and operations in both the US and overseas markets. As a matter of fact, most of today's US lotteries can trace their system ancestry to our individual efforts.

DB: *What bidding prospects are there for Intralot in North America over the next twelve months?*

TL: We intend to participate fully in all of the RFP processes that present themselves in the next twelve months. It is, however, difficult to predict when a State will issue an RFP. There are currently two RFP's out – Colorado and Wisconsin. Georgia had an RFI last month, which we participated in, and is expected to issue an RFP at any time. Generally speaking, we anticipate about four to six RFP's to be issued over the next 12-18 months.

DB: *You seem to have a lot of space rented. What is all of that to be used for?*

TL: We are fortunate to be able to share our current office space with an affiliate company of Intralot called Intracom. Intracom is a manufacturer of telecommunication equipment and information systems with a worldwide workforce of over 7,700 people, and an annual turnover close to 1.5 billion USD. In the not too distant future, we also anticipate implementing a manufacturing/final assembly/QA testing facility at our Georgia facility.

DB: *What other businesses do you plan to pursue for Intralot?*

TL: As I stated at the beginning of this interview, Intralot USA will operate as a full service supplier and be responsible for selling and marketing all of Intralot's products, including systems, terminals, and lottery operations. Our goal is to meet the changing needs of North American Lotteries as technology and sales move to a higher level.

DB: *Does the company have a timetable for how long it will invest in the North American market before it gets its first order?*

TL: That is really difficult to predict. A lot depends on what lotteries come out to bid and when. We are committed to being successful and are willing to be patient and persistent.

DB: *Does Intralot have the financial resources to really be competitive in this market?*

TL: Intralot currently ranks number two in the world with regards to profitability. With a very strong balance sheet and no debt, we are in the position to be very competitive while making investments in the future needs of lotteries.

DB: *What lottery is your first target?*

TL: We have already participated in the Georgia RFI process, and as of this moment we are studying the Colorado and Wisconsin RFPs. ■



Thomas Little with Intralot CEO Constantinos Antonopoulos

The Competition Quandary

How Do Lotteries Co-Exist with Other Forms of Gaming

Competition for lottery dollars is a major issue for anyone concerned with a Lottery's bottom line. Many industry professionals are adamant that such competition, especially when that competition comes in the form of a casino, is detrimental to lottery revenue. The question is, how detrimental is such competition?

Unfortunately, that kind of information is nearly impossible to quantify, so you won't find an answer in this article. Most would agree that if the Lottery were the only game in town it would be pulling in greater revenue, but there are many other factors that can affect lottery sales – it's never just one thing.

Some lotteries continue to thrive even while being saturated with competition. With 22.37 tribal casinos per million (CPM) citizens, the South Dakota Lottery competes with more casinos per capita than any other Lottery, and they've seen a more than 10-percent increase in sales since FY 1997. Granted, many would argue that South Dakota has VLTs, but Montana, the lottery dealing with the second highest tribal CPM (8.89) does not have video, and they've seen a 7.8 percent increase since FY1997 (see table on page 21).

Of course, tribal casinos are not the only competition lotteries face. Riverboat casinos, mini-casinos, race-tracks, Jai-Alai, and more seem, at times, to be working against the idea of legalizing gambling in order to raise funds for public welfare. Still, the reality is that lotteries need to either work with or around these entities to maintain their revenue generating obligations.

Public Gaming International recently took advantage of an opportunity to discuss gaming dollar competition with two jurisdictions, Connecticut and Michigan, that deal with heavy competition directly within their borders.

PGI: *Besides Internet Gambling, what forms of gaming are competing with your Lottery?*

CT: Two tribal casinos (one of which is the largest casino in the world, Foxwoods), two Greyhound dog racing facilities, eight off-track betting facilities, one Jai-Alai fronton, and charitable gaming (regulated by the state).

MI: In Michigan, the Lottery competes with Native American casinos [17], three commercial casinos in metro-Detroit and horse racing.

PGI: *How have these gaming entities impacted Lottery sales?*

CT: For two decades, the CT Lottery faced little competition from the other gambling entities in the state. With the opening of Foxwoods, and then the Mohegan Sun casinos, a definite "tug-of-war" for discretionary dollars is now taking place. Overall, Lottery revenues continue to increase, but do so at a slower pace. Scratch game revenues have taken a dra-

matic rise; this phenomenon is not limited to CT. For the most part, "Daily" games hold steady, and the jackpot driven games (Lotto and Powerball) experience sporadic bursts of energy.

MI: While the majority of the Native American casinos have been around for years, the three commercial casinos in metro-Detroit have only been around for the past three years. Those casinos have had the biggest impact on Lottery sales. The impact, however, has been regional (limited to the three-county area that makes up metro-Detroit) and have primarily effected the Michigan Lottery's instant ticket and Daily game sales.

PGI: *Has the Lottery, at any point, taken steps to redirect customers of these other gaming entities back to the Lottery, or taken measures intended to compensate for losses attributed to gaming competition?*

CT: Historically, the Lottery took no aggressive action against other forms of gambling. Traditional thought held that the Lottery consumer was different in make-up from the consumer who frequented other gambling venues. Today's environment dictates that the Lottery must actively compete with and against the other gaming entities in the state to grab its share of consumers' discretionary dollars. To this end, the CT Lottery is actively seeking to partner with the casinos in this state for the initial purpose of co-promotion of products. A partnership with other gaming entities is believed to have lasting benefits to both the casinos and the Lottery.

Lottery advertising in FY '03 will have a different approach: less print advertising, more television and radio, more advertisement of "base" games, less advertising of "niche" games. Branding and Beneficiary advertising will also be increased. Because the Lottery is a product that can be brought to consumers, the Lottery's "Community Outreach" efforts will be strengthened. The Lottery's attendance and participation at fairs, festivals, sports and other recreational sponsorships will be greatly increased. All this, to bring the Lottery back to the people, and to ensure that the public remains cognizant of, and committed to, the Lottery.

MI: While the Michigan Lottery has not necessarily "changed" its advertising focus to fight casinos, it has been shifted slightly. Earlier this year, the Michigan Lottery began airing a television spot featuring schoolchildren and Michigan residents. The piece talks about where the Lottery's revenue goes each year – the state School Aid Fund, which supports kindergarten through 12th grade public education in Michigan. In the spot, viewers learn that \$1.5 million a day is transferred to Michigan's public schools and the money ends up "helping a fifth grader with a science project or teaching an elementary school student the alphabet, making Michigan a better place to

learn and live!" This marks the first time the Lottery has ever focused its advertising message on "where the money goes" and the reaction from players has been very favorable. Over the past 30 years a public misconception has grown regarding how the money the Lottery generates is used. The information in the spot has begun to help put an end to that misconception.

By focusing on how the Lottery's money is used to support public schools, the Lottery has been able to begin differentiating itself from the casinos. The three Detroit casinos (the Native American casinos are exempt) are taxed for state School Aid Fund contributions at a mere eight percent of "net win" (gross receipts less winnings paid). The Michigan Lottery, if measured on a "net win" basis, returns over 70 percent to the state School Aid Fund. In 2001, the three commercial casinos contributed only \$82 million to the state School Aid Fund, while the Michigan Lottery contributed \$586 million!

Another avenue that could help with competition is cooperation. The Lottery is hoping to implement a quick-draw Keno game in the future. Over the past few months the Lottery has been working with the Michigan Racing Commission to get quick-draw Keno machines placed in the seven horse racing tracks located throughout the state. While this would, at first, be a small number of machines, the Lottery believes that number could easily be expanded to other businesses in the near future. Both of these options are still being explored at this time, with the hope of implementation of both by the end of the calendar year. ■

Border States Affected

Competition for lottery dollars does not always come from within states. One state that has been adversely affected by casinos in neighboring states is Kentucky.

Kentucky has had pari-mutuel wagering on horses for 130 years or better. The Kentucky Lottery has been able to work well with that industry. They've conducted a number of promotions with Churchill Downs, Turfway Park, Ellis Park, and Kentucky Downs race tracks including a few games promotionally linked to the Kentucky Derby.

Their biggest gaming competition comes from the riverboat casinos on the Ohio River in Indiana and Illinois. The Lottery saw its sales in the Kentucky counties closest to the riverboats drop off as much as five percent the first year or two the casinos were around. That forced them to become more creative in their promotions and games. The Lottery worked hard to segment its scratch-offs to assure that they had a wide range of game types at various price points and with lots of winning experiences to increase those sales.

Those things have worked pretty well. The KLC has held sales flat for the last couple of years, and are on course for a record year thanks to the promotions, scratch-off efforts, and luck with big Powerball jackpots.

They never ran specific promotions directed to people going to the casino boats. They just continued to push winning experiences and the ease and fun of playing lottery games.

Lotteries Competing with Casinos (Chart refers to five-year competition with large, land-based casinos within lottery jurisdiction)

State	Casinos	Population (millions)	Casinos per million	Lottery Sales '97 (millions \$)	Lottery Sales '01 (millions \$)	5-year Sales Gain
Arizona	19	5.31	3.58	272.7	249.8	+9.2%
California	42	34.5	1.22	2,895.8	2,063	+28.8%
Colorado	18	4.42	4.07	350.6	360.9	-2.9%
Connecticut	2	3.43	.58	839.7	772.6	+8.7%
Florida	12	16.4	.73	2,360.6	2,159.7	+10%
Idaho	4	1.32	3.03	81.7	87.3	-6.4%
Illinois	8	12.48	.64	1,445.5	1,623.5	-11%
Indiana	5	6.11	.82	548.3	578.8	-5.3%
Iowa	9	2.92	3.08	174	173.7	+2%
Kansas	5	2.69	1.86	193.3	185.4	+4.3%
Louisiana	15	4.47	3.36	284.5	280.7	+1.4%
Michigan	20	9.99	2	1,620.4	1,640.7	-1.2%
Minnesota	18	4.97	3.62	366.2	369	-.8%
Montana	8	.9	8.89	30.4	28.2	+7.8%
Nebraska	1	1.71	.58	66.4	76.6	-13.3%
New Jersey	12	8.48	1.42	1,806.7	1,556	+16.1%
New Mexico	11	1.83	6.01	115.6	82.3	+40.5%
New York	5	19.01	.26	4,185.3	3,992.3	+4.8%
Oregon	9	3.47	2.59	793.8	726.3	+9.3%
South Carolina	1	4.06	.25	N/A	N/A	N/A
South Dakota	17	.76	22.37	586.9	532.9	+10.1%
Texas	2	21.33	.09	2,886.2	3,789	-23.8%
Washington	26	5.99	4.34	483.9	408.2	+18.5%
Wisconsin	18	5.4	3.33	401.2	431.1	-7.5%

South Carolina Education Lottery

Amazing Start Leads to Exciting Results *By Todd Koeppen, Editor, PGI*

Reading the short timeline of the South Carolina Education Lottery (SCEL) is like reading a list of firsts for the Lottery industry. The Lottery is the first to offer four Instant on launch, the first to operate using a Virtual Private Network (VPN), and the first to offer a tax-free prize for an online jackpot. On top of all this, with the help of Scientific Games, theirs was the fastest lottery start-up in history.

On January 7, 2002, the South Carolina Education Lottery was born. Just over 50 days prior to that date, the SCEL awarded Scientific Games the online validation systems contract. Many people expected the January 7 target date to be set back, but SCEL stuck to their guns. "Life here at the South Carolina Education Lottery was tense," remembers Tara Robertson, PR manager, SCEL. "It was like birthing a child and those 50 days were like labor. Now the lottery industry is marveling over our success."

Not ones to rest on their laurels, the SCEL continued to achieve seemingly unreachable goals when they launched their first online game, Pick 3, on March 7, 2002. The Lottery not only had to ready retailers with terminals and training in a short period of time, they also built their own TV studio in less than 40 days, so they could broadcast their first Pick 3 drawing. The studio is also used to produce "SCEL Lottery Minute" which is broadcasted weekly by the lottery's TV media partners in every market of the state.

Once Pick 3 was successfully launched the Lottery began work on a new online game – Carolina 5. The game, which offers a promised jackpot payout of \$100,000 with taxes prepaid, launched on June 17, 2002 and without cannibalizing other lottery games.

As tiring as this whirlwind of activity must seem, the Lottery shows no signs of slowing down. They are already working on joining the Powerball group, and hope to begin selling tickets for the game on October 6, 2002.

Early Success

From a numbers standpoint, the SCEL launch has been one of the most successful lottery launches ever. The Lottery's weekly per capita sales trend line for the first ten weeks was higher than the aggregate sales curve for the 23 most recent U.S. lottery startups, and sales for all products are on pace to exceed first-year projections.

Instant games have been selling well. Through April 13, weekly per capita sales were \$2.59. The two strongest selling games have been Bonus Bucks and 3 Times Lucky. 3 Times Lucky has been so popular the Lottery has had to reorder the game three times.

In addition to the Instant success, Pick 3 is selling at nearly double the rate of initial forecasts, and is on pace to generate \$78.9 million in sales in 2002. When the early success of Carolina 5 is figured into the product mix, and if one looks ahead to Powerball possibilities, it's easy to see that

SCEL is on track to redefine what jurisdictions can expect to achieve with a lottery start-up.



SCEL Chief Operating Officer Anthony Cooper

The Right Stuff

Of course, success starts at the top, and Director Ernie Passailaigue, along with Chief Operating Officer Tony Cooper, have done well in appointing the appropriate individuals to fill key positions. The SCEL is made up of a handful of people with previous lottery experience recruited nationwide and over 100 local South Carolinians with strong marketing, technical, legal, security, administrative and financial backgrounds. With respect to diversity, from top to bottom, the staff reflects the state's racial and demographic diversity. The team has bonded together under the oversight of an excellent Commission and under the extraordinary leadership of Passailaigue.

Under the supervision of Cooper, managers meet every morning to outline and review launch strategies. Prior to start-up, the organization's structure was very flexible. Teams were created to carry out projects and issues on an ad hoc basis. Each manager was given the opportunity to initiate projects with other managers on an "as needed" basis without the necessity for direct review by the Executive Office. Collectively, all employee job descriptions were the same as the date of the lottery's on-line and instant ticket launches. Everyone had the same mission in mind: to launch the lottery on time within budget with integrity by "whatever it takes!"

Commenting on the outstanding work accomplished by the SCEL staff, Tony Cooper exclaimed, "The staff has met or surpassed every measure of performance. The SCEL has the distinction of achieving and maintaining the highest weekly per capita sales for any start-up in the United States. We have nearly doubled the original estimates of how much the lottery would transfer to the Education Trust Fund. On a scale of one-to-ten, the South Carolina Lottery rates '11!'"

Scientific Games: Partnering With Success

The SCEL's supplier, Scientific Games International (SGI), played a large role in the successful launch of the Lottery. "In a new lottery situation, such as South Carolina's Education Lottery, a short start-up means more money is available sooner for college tuitions and other desperately needed educational expenses," stated Bill Huntley, SGI's President of Systems. "One of the great joys of this business is the satisfaction of knowing that what you do enriches the lives of so many people that otherwise might not experience the benefits of education. This was certainly the vision of Governor Hodges and we are very proud to play an important role in helping the Governor and the SCEL realize that dream."

"Of course," continued Huntley, "from a competitive perspective, we at Scientific Games also take great pride in the fact that we are now the world record holders of the shortest start-up in lottery history. I think this is a testimony to the capability of our people, the sophistication of our products, and the maturity we have achieved in our on-line business."

Cooperative Services

The SCEL is also benefiting from SGI's Cooperative Services Program (CSP). Like most businesses today, lotteries are realizing that certain aspects of their business could benefit from an outside provider that has spent many years and many dollars perfecting a specialized service or product.

In the case of instant tickets, Scientific Games has made this investment and has demonstrated its ability to run certain aspects of the instant ticket business more economically and produce higher revenues than the lottery might otherwise be able to accomplish on its own. The exact scope of the services that a lottery might require will vary from lottery to lottery. The key is that each Cooperative Service program is custom-designed to meet the needs of the customer.

In the case of SCEL, SGI, as they do with all CSP customers

program, worked hand-in-hand with the Lottery to ensure a program that would maximize instant ticket sales versus cost ratio. This is important to the SCEL, and the desire is manifested in the "Corollary to Passailaigue's Law", as relayed to Public Gaming International by Tony Cooper: "Any dollar saved or donated is another dollar for education. The staff of the SCEL has a goal of raising over one-million dollars in non-gaming revenues through strategic partnerships with major corporations. The scope of this effort is unprecedented in the lottery industry." ■

What is a Virtual Private Network?

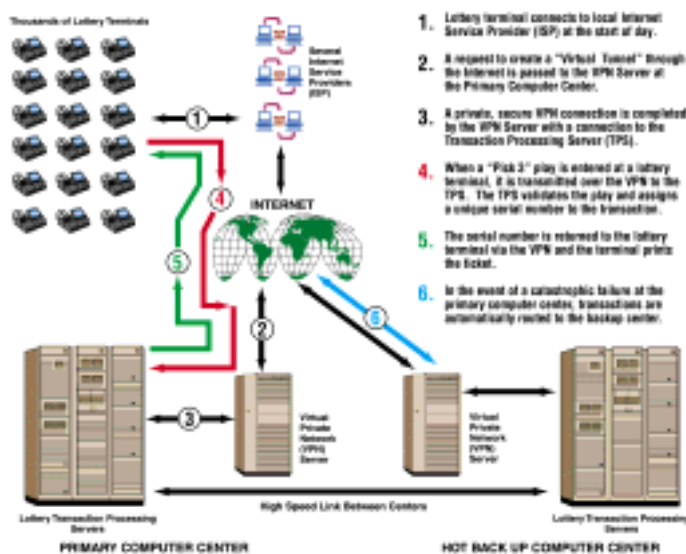
SGI's Virtual Private Network (VPN) was instrumental in achieving SCEL's March 7, 2002 Pick 3 launch date. The key word used to describe a VPN is "rapid." The system features rapid deployment, and once installed, offers a much more rapid transaction processing time.

Since the Internet is used as the communication backbone for a VPN, there is no infrastructure to design and construct, which historically has taken months to accomplish. It's safe to say that nearly all retail outlets in the U.S. have a phone line, which makes them Internet ready, and candidates for a VPN.

VPN communications are point-to-point broadband connections that deliver much faster transaction processing time and shorter response times. Very simply, it means that tickets are issued with blinding speed. Faster throughput enhances retailer support of on-line games and also translates into greater sales when jackpots are high and demand is at its peak. Inherent with the Internet as the backbone, a VPN is also much more reliable due to an almost infinite potential for alternative routes from the retailer to the central computer. There are many more benefits of this nature, such as effortless automatic rerouting of transactions to the backup computer center when a path to the primary computer is not available.

While all of this is very exciting, the best is yet to come for VPN solutions. Web-based support services, enhanced games and promotions, additional customer services such as concert and sporting event ticketing and phone card sales are now within easy reach as a result of this technology.

The South Carolina Education Lottery (SCEL) played a heroic role in being the first lottery to utilize this technology. SGI's President of Systems Bill Huntley stated, "As far as I'm concerned C.B Smith, Ernie Passailaigue and Tony Cooper of the SCEL are true visionaries. When we approached them with our VPN concept they were immediately able to see the tremendous potential of this technology. Of course we were prepared with a very comprehensive plan and proposal including a world-class telco partner, Bell South, but we would never have been able to accomplish this without the support of these gentlemen and their staff. We are obviously thrilled with how well this network has performed and all the capability it holds, but were it not for the vision of this lottery it would not have seen the light of day."



Tony Molica: New Washington Director Brings Growth Oriented Approach to the Northwest

On May 1, 2002, Washington Governor Gary Locke appointed Anthony S. Molica as Director of the Washington Lottery. Molica most recently served as director of sales at the California Lottery, managing a staff of 260, nearly 19,000 retail locations, and \$2.9 billion in annual sales. He had been with the California Lottery since its inception in 1985. Of course, that streak was broken on June 10, 2002, when his appointment to the Washington Lottery became official.



Public Gaming International recently had the opportunity to interview Tony Molica about his move to the Northwest, and his appointment as the new Director of the Washington Lottery.

Public Gaming International (PGI): *When did you finally get up here – was it on June 10th?*

Tony Molica (TM): The 10th was when my appointment was effective, but during that week I was at the NASPL Director's Meeting back in Rhode Island, so my first day in the office was Monday the 17th.

PGI: *Are you liking the Northwest so far?*

TM: Oh yes. This is actually my fifth trip here in the last two or three months and I've gotten a chance to see the area a little bit. It's obviously going to take us (him and his family) some time to transition, but we've always liked the beauty of the Northwest. The one thing that's been extremely wonderful is our staff here. The Governor's office and his staff have been very gracious, receptive and friendly, and that's made the move much easier for me to deal with.

PGI: *I read that you're currently working with former Acting Director Robert Benson during the transition into the job. Did you two have a relationship prior to this at all?*

TM: Yes. When I was with the California Lottery I had the opportunity to attend a variety of industry conferences, so I actually knew quite a few of the lottery directors already, and that included Bob as the acting director here. Last fall, Bob and a couple other [Washington Lottery] staff members invited me to come to their sales conference and be one of the keynote speakers. So coming in this week, although I certainly didn't know a huge number of people, I had an opportunity to meet and visit with them and got a sense some of the things that were going on at the Lottery.

The staff in Washington is very dedicated and talented. One of the reasons I was excited to come to Washington was that I could see the talent, skills, and enthusiasm of the staff. I'm looking forward to working with and learning from our team to develop a shared vision for the Lottery.

PGI: *What other factors made you decide to pursue the position in Washington?*

TM: Really, it was the chance to take on a leadership role with new and expanded responsibilities in the Washington Lottery Director's position. After nearly 17 years serving in a variety of increasingly responsible positions at the California Lottery, I believe I am well prepared to take on the director's role in Washington. Not only was this a good chance to step in at an exciting time for the Washington Lottery, it also enabled me to move to the beautiful Pacific Northwest with my family. After discussing the opportunity with several Washington Lottery staff members, I was excited to confirm my interest in the position with Executive Search Services branch of the state's Department of Personnel. I'm pleased the Governor agreed that I was the best person for the job.

PGI: *What qualities do you possess that were instrumental in you obtaining the position?*

TM: I bring substantial lottery experience gained from 17 years with the California Lottery, and I have owned my own businesses, which adds an important retail perspective. This background will serve me well in providing leadership to staff in the Washington Lottery. In addition, I am a former teacher and I look forward to building strong relationships with the education community, the primary benefactor of lottery revenues in Washington State. I am a good communicator, a motivator of people, and I am very enthusiastic about the lottery industry. I also understand retailing and the ever-changing marketplace.

PGI: *Do you subscribe to a particular operating philosophy?*

TM: I believe in an interactive and challenging approach with staff in which they are empowered to excel in their roles and bring fresh ideas to the business. I want staff to be able to express opinions through a free and open dialogue.

PGI: *Do you have particular goals for the first year?*

TM: My primary goals for the next 12 months include: overseeing the successful Washington launch of Mega Millions in September; reviewing the current product line to determine the best opportunities for sales growth; expanding the use of technology to enhance our services to our retail partners to improve our business efficiencies; empowering staff to provide input and play an integral role in the planning



International Lottery Expo 2002

Registration Form

Twenty First Century Lottery Marketing & Revenue Strategies
August 1-4, 2002 • Loews Miami Beach Hotel • Miami Beach, FL USA
Co-hosted by Public Gaming Research Institute and the Florida Lottery

First Name: _____ Last Name: _____
First Name for Badge: _____ Spouse's Name (if attending): _____
Title: _____ Organization: _____
Street Address: _____
City: _____
State/Province: _____ Zip/Postal Code: _____ Country: _____
Phone: _____ Fax: _____
E-mail: _____ Web Site: _____

Registration Fees (check one):

☐ Non-Government: \$795

☐ Exhibitor: \$695

☐ Government (No Charge)

Method of Payment:

☐ Check

☐ Amex

☐ Mastercard

☐ Visa

Credit Card #: _____ Exp.: _____

Print Name (as it appears on card): _____

Signature: _____

Fax Registration Form to: Public Gaming Research Institute, Inc. at 425-803-6830.

For additional information: Call, e-mail or see Web site:

Tel.: 425-803-2900 • E-mail: elsiepgr2@aol.com • www.publicgaming.org

Hotel Reservations

For the discounted room rate of \$159, please contact the Loews Miami Beach Hotel directly at:
Telephone: 305-604-1601 or 877-563-9762 • Fax: 305-535-5218 • www.loewshotels.com
Be sure to mention International Lottery Expo when calling.

South Carolina Spending Plan Approved

The South Carolina Lottery spending plan was finally approved. Proceeds from Lottery sales will go to increase the annual amounts of LIFE Scholarships from \$3,000 to \$4,700 per year, and Palmetto Fellows Scholarships from \$5,000 to \$6,700. The LIFE and Palmetto programs are for the state's brightest students.

In addition to these scholarships, the state will use Lottery money to fund a \$2,500 per year HOPE Scholarship program for students with a "B" average.

Hoosier Winnings May be Taxed

The Indiana House Ways and Means Committee approved a bill that would require the Hoosier Lottery to withhold state income taxes from all jackpots over \$1,200. With the state's current tax rate of 3.4 percent, a \$1,200 winner would give \$40.80 to the state. The bill, HB 1001, is now eligible for consideration by the full House.

Michigan Seeks to Lift Ban on Sunday Drawings

The prospect of earning more revenue has caused some Michigan Legislators to look into the prospect of reversing the state's ban on Sunday lottery drawings. Sunday drawings are illegal, but Sunday sales are not. The problem is that revenue from lottery ticket sales drops 89% on Sundays from weekdays and Saturdays. It's very likely this would be reversed with a Sunday draw.

The Michigan Senate, in a budget bill, already eliminated the ban on Sunday drawings.

Missouri's Quick Draw Keno Launches Early

The Missouri Lottery celebrated an early launch to its new Club Keno game on May 28. The game opened in 470 bars, restaurants, bowling alleys and fraternal organizations. The game originally was slated to start in Missouri on June 1, but the machines were installed faster than expected.

The game generated more than \$508,000 in sales statewide in its first week.

ALC Celebrates Lotto 6/49's 20th Anniversary

On June 12, 2002, Lotto 6/49 celebrated its 20th anniversary and the ALC is commemorating the milestone with a year-long celebration, including the launch of a regional Instant Lotto 6/49 Anniversary ticket, a Classic 6/49 online game, and the establishment of a cross-divisional team to develop regional promotions that will complement all other anniversary initiatives.

Nationally, ILC's Lotto 6/49 2002 Grey Cup Bonus Promotion will culminate with a live draw event to be broadcast from the Canadian Football League's Grey Cup on Nov.

24, 2002. One lucky Canadian will walk away with a \$6.49 million cash prize. This event will be televised across Canada.

Texas Honors Retailers

As part of the Texas Lottery Commission's 10-year anniversary, the agency honored 12 retail outlets whose sales reached or exceeded the \$10 million mark since each of them sold their first ticket on May 29, 1992. Eleven of the 12 retailers honored were represented at a recognition dinner sponsored by GTECH. Afterwards, the honorees visited the Texas Lottery studio to view a live Lotto Texas drawing.

"Bubba" Moves North

North Carolina Lottery efforts are gaining momentum, and pro-lottery advocates are turning to a proven pitch man to deliver a decisive blow. That's right, "Bubba" is moving to North Carolina.

Rock Hill actor Kerry Lee Maher, famous in South Carolina for his portrayal of a Georgia-border retailer, grateful to South Carolina for sending Lottery starved patrons to his business, will be up to his old tricks. The only difference is that instead of wearing Georgia Bulldog gear and thanking South Carolinians for crossing the border to buy, he'll be decked out in University of South Carolina gear and thanking North Carolinians for crossing to South Carolina to buy tickets.

New Maryland Lottery Home Ready

The Maryland Lottery's new home is ready for residents. The Montgomery Park Business Center, formerly the Montgomery Ward Catalog Building, was officially opened on June 10th at 7:30 PM.

The site underwent the largest historic building restoration in state history in order to offer 1.3 million square feet of space, offices for 5,000 people, and many new businesses and jobs. The Lottery is expecting to move in this summer.

More Music from West Virginia

Continuing in the music business, the West Virginia Lottery has released a new CD: Songs for America – Patriotic Songs Performed by West Virginia Artists. This is the second CD the West Virginia Lottery has offered the public this year. Some of West Virginia's finest artists have gathered to perform songs celebrating America, its strength and its history. The new CD is part of the "Summer Blast" instant ticket game introduced recently.

To receive a copy of the CD, players simply send five non-winning Lottery "Summer Blast" instant tickets to the West Virginia Lottery by August 16, 2002. To hear samples of the songs go to the West Virginia Lottery website at www.wvlottery.com and click the "Songs for America CD" link. CD requests should be sent to: WV Lottery Patriotic CD; P.O. Box 1748; Charleston, WV 25326. ■

Delaware

This month the Delaware Lottery introduces the second phase of its Instant Games branding campaign. The new campaign will reinforce the overall "fast fun" messaging of the Instant Games brand, using "Go Scratch!" as the creative platform.

The first phase of the Instant Games branding campaign was introduced January 2001. The concept was developed to enable the Delaware Lottery to promote a variety of Instant Games under one identity, as opposed to promoting each game individually. During Fiscal Year 2002, Instant Games cumulative sales have posted an increase of more than 12 percent over Fiscal Year 2001.

Instant Games Branding Phase II will be supported with mass media, including television, radio and transit tails, as well as collateral materials such as change mats, terminal toppers and Instant Game ticket scratchers. The campaign is scheduled to launch on July 8.

The Delaware Lottery will conduct its second annual Summer Live Events Promotion, July 7–August 29, to support Instant Games Branding Phase II. Staged at popular local hot spots, Summer Live Events promote the fun and excitement of Instant Games to the important 21 to 39-year-old demographic. During the events, a radio personality from each of the radio partners circulates through the crowd, giving away CASH BLAST Instant Game tickets and t-shirts to players who correctly answer trivia questions. Each radio station will collect non-winning Instant Game tickets for a drawing at the end of the summer that will award two winners each with a \$1,000 CASH BLAST grand prize.

Georgia

The Georgia Lottery Corporation's Instant Game Monte Carlo radio spot "14 Chances" received international recognition with its recent win of a Bronze Clio Award. The spot has also received numerous other awards. It won Best of Show at the 7th District Addys and is currently a semifinalist in the Mercury Awards.

Illinois

The Illinois Lottery is revved up for summer with the recent launch of its second Harley-Davidson instant game. The \$2 instant features a top prize of \$25,000. Players can also win a 100th Anniversary Harley-Davidson Sportster 1200 Custom motorcycle or Harley-Davidson merchandise instantly.

The Lottery launched its summer "Ultimate Bleacher Bum" promotion on May 27th. To enter, players send in five dollars worth of non-winning tickets. Beginning June 12, weekly drawings will be held for a \$10,000 prize and five prize packs of Chicago Cubs merchandise. During August, a drawing will be held for the grand prize. One lucky "Ultimate Bleacher Bum" will win \$100,000 and an exclusive skybox party for 15 during the Chicago Cubs/Arizona Diamondbacks game at Chicago's Wrigley Field.

Kansas

The Kansas and Nebraska Lotteries successfully launched their new 2by2 lotto game on Sunday, June 2. News conferences were held simultaneously in Topeka, KS, and Lincoln, NB. Kansas Lottery Executive Director Ed Van Petten and Nebraska Lottery Director Jim Quinn, jointly promoted the new venture.

A Multi-state game, 2by2 is a lotto game with a \$20,000 top prize and seven additional ways to win. Drawings are held on Mondays, Wednesdays and Saturdays. Players pick two numbers in the red field of 26 numbers and pick two numbers in the white field of 26 numbers. Players also have the option to purchase a multi-draw ticket for 15 consecutive drawings. Each play is \$1. Overall odds of winning a prize are 1:3.59.

Michigan

In the first three weeks of sales, the EXTRA game (introduced May 16) has increased Daily game sales by \$1.95 million compared to sales for the same three-week period in 2001. The EXTRA game has already generated \$4.11 million in sales, approximately 10 percent of all Daily game sales.

Minnesota

The "Environmental Experience," a 53' trailer with interactive displays that showcase the Lottery's contributions to Minnesota's environment, made its debut in June 2002. The trailer will be on display during the popular "Taste of Minnesota" celebration on the State Capitol grounds in St. Paul over the July 4th weekend and during the State Fair in August. Approximately 2 million visitors attend the Fair each year.

The Lottery is offering players the opportunity to go on tour with Sawyer Brown. The Grand Prize winner and seven friends will join the band on its fall 2002 tour for five nights and four days. The prize includes round-trip coach airfare for eight to Nashville, TN, hotel accommodations, meals, concert admission and their own separate bus. To be eligible for the drawing, players must make a single \$5 Hot Lotto™ purchase between June 10 and July 26, 2002. The terminal will produce a mail-in entry form. Players can also enter the drawing when they purchase a single \$5 Hot Lotto ticket between August 1–4, 2002 at WE Fest. They will receive an official entry form that must be entered in a drawing box at WE Fest. The Grand Prize drawing will be held on August 4, 2002.

Missouri

Missouri's Fun & Fortune players will notice a game change meaning a bigger instant game top prize, more ways to win and more "ENTRY" winners competing for \$250,000! The new \$2 "Fun & Fortune" Scratchers game gives players 10 chances to win instead of five, a chance to win up to \$20,000 instantly instead of \$1,000 and the chance to spin the wheel and win up to \$250,000 cash. Since late June all "Fun & Fortune" winning automatic

entry tickets from these games become \$1,000 winners, and all winning "ENTRY" tickets become free \$1 instant ticket winners.

Pennsylvania

The Pennsylvania Lottery's new patriotic game, Star Spangled Dollars, launched just in time for 4th of July festivities, is a \$2 game featuring prizes that all relate to the number 1776. Top prize is \$17,760, and the game offers \$1.776 million in cash prizes between \$17 and \$76.

South Dakota

During the month of June, players purchasing five Hot Lotto tickets receive a free Dakota Cash ticket.

During the month of July, prizes of over \$100 on three selected \$1 instant games will be doubled.

Washington

The Washington State Lottery announced the six finalists for its 20th Anniversary Scratch Ticket Design Contest. The finalists will each be awarded a \$1,000 prize and have the opportunity to win the Grand Prize of \$5,000 as well as having their design produced on a special 20th Anniversary Lottery Scratch ticket. The ticket will go on sale in November. Nearly 900 entries were submitted for the first round of judg-

ing. During June, the finalists' designs and People's Choice Prize ballots were posted on the Lottery's Web site. Eligible members of the public can vote for their favorite finalist design. Ballots will also be available at select minor league baseball games throughout the state. The design garnering the most votes will receive a \$1,000 People's Choice Prize. The Grand-Prize winner will be announced in September.

Wisconsin

The Wisconsin Lottery's new and improved TV game show, the Super Money Game Show, is scheduled to debut July 19. The new show offers contestants a top cash prize of \$100,000 and merchandise and travel prizes including jewelry, free groceries for a year and a trip to Las Vegas. Players can become contestants on the show by playing the new Super Money Game Show instant ticket or the daily on-line game SuperCash!

The Lottery is traveling this summer. Stops include Summerfest in Milwaukee, a music festival with a million visitors each day; the Wisconsin State Fair; and Rhythm & Booms in Madison, the largest fireworks display in the Midwest.

Wisconsin is looking forward to a Lottery sales increase. At press time, the sales goal for FY02 was nearly met, with sales projected to finish 4-5% over last year's numbers. A record Megabucks jackpot and several large Powerball jackpots contributed to the increase. ■

Continued from page 24

process to meet all of these goals; and building strong relationships with retailers, educators, and law makers.

PGI: *I'm sure you're very entrenched in gearing up for the Mega Millions launch. What needs to be done at this point to ensure that Mega Millions will meet its target start date?*

TM: Right now the target start date is early September. Originally the start-date had been scheduled for the end of September, and I challenged staff to get us there 30 days sooner because, obviously, that means we generate another 30 days of revenue. Clearly we're working with our online vendor, GTECH, and all the internal staff to just make sure that from the operations standpoint all the systems are a go. We're also working with our advertising agency, Publicis in the West, to make sure that all the advertising and point-of-sale material is being prepared and is ready to be here in time. So, I think the staff has been geared up and working very aggressively to meet that objective of the early September launch.

PGI: *Washington's enhanced Lotto game, with the "Gold Ball", seems to be mirroring Mega Millions in its look (Mega Millions uses a gold MEGA Ball). What is the Washington Lottery going to do to try and differentiate the products in the eyes of the consumer?*

TM: I actually think that the game itself, as a multi-state game, and the fact that the jackpots will be so much larger will be the differentiation between the two. The play style is the same, but I think that, to some degree, is a benefit. Once players

master the one, making the transition from one to the other will be fairly easy. So, from an advertising standpoint you have to be cautious to differentiate one from the other, but other states have experienced similar situations without much difficulty.

PGI: *Are there any new games or marketing strategies that you have in mind for the lottery?*

TM: Certainly, I want this lottery to become a stronger sales and marketing driven business, with a focus on adding value for our retail customers. We anticipate a lot of exciting opportunities for the future and we will evaluate all prospects to develop the strongest business strategies for future growth.

PGI: *What is your impression of former Acting Director Robert Benson and the work that he's done?*

TM: Bob has a wealth of knowledge and tremendous skills, especially in building relationships with the Governor's office and the state Legislature. I think Bob should be commended for his work here during the last six years. He's a long-time resident of Washington and a long-time state employee, but I think during the last six years he's enjoyed his tenure here, and has done a superb job creating a positive work culture within the Lottery. ■

Molica will be moving north with his wife of 24 years, Kim, and his 17-year-old son, Samuel. Four sons who won't be making the trip include 20-year-old Kevin, James and Stephen, both 29, and 32-year-old Toben, who works for Scientific Games.

LOOK WHAT'S NEW!

WE'RE BACK ON TOP... OF THE COUNTER!

#113 STACK SETS



#113x16 #113-HANG #113x12



#113x16-GAME #113x12-GAME

TAT
TAKE-A-TICKET, INC.



#412-OC ON-COUNTER



#704-BB
BACKBAR



#702 HIGHLIGHTER



#715 SLOTS OF LUCK

130 N.E. Montgomery Street • Albany, Oregon U.S.A. 97321-2723 • (541) 967-0433 • (800) 253-4295 • Fax (541) 967-8415
E-mail: tat@bcsor.com • Website: www.tatinc.com

A LOTTERY SYSTEM
SO RELIABLE,
YOU WON'T GET
A CALL FROM THE
GOVERNOR.



For more than 30 years, AWI has been delivering faster, flexible and more reliable products to the lottery industry. With *system2G*™ that tradition continues.

